

# R11A Maryland State Library Agency

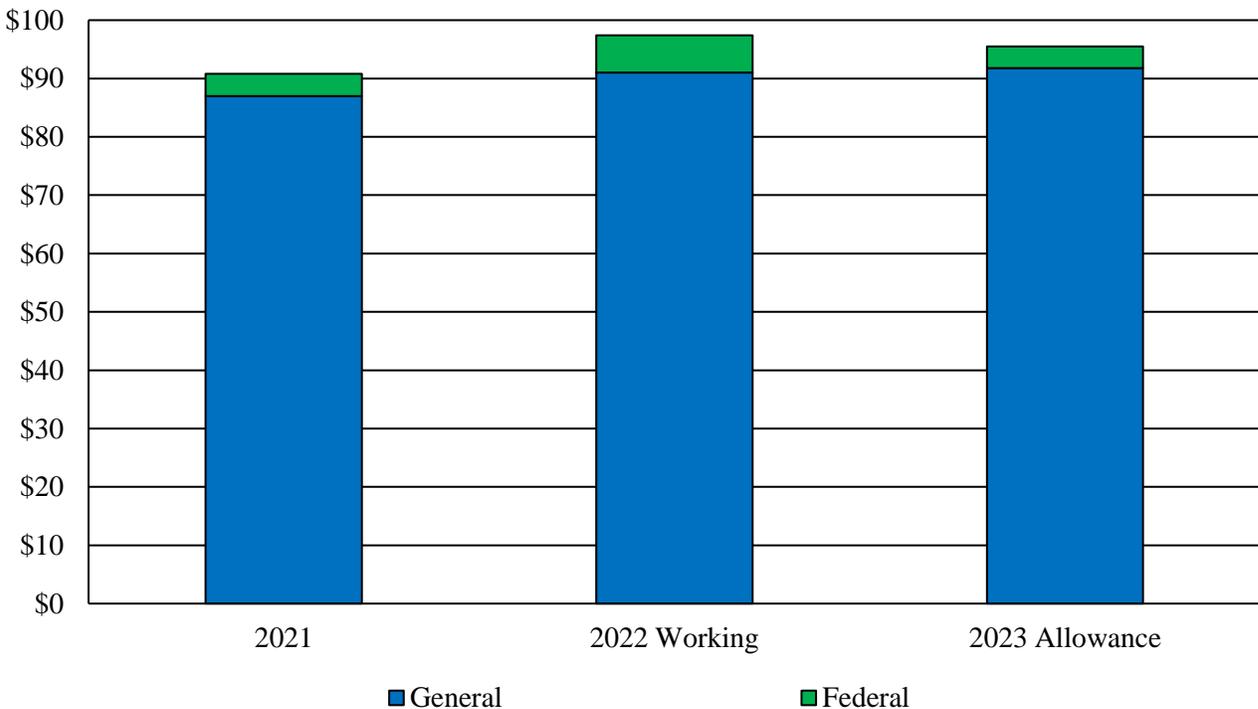
## Program Description

The Maryland State Library Agency (MSLA) administers State and federal funding for Maryland's libraries and provides strategic leadership, resources, and support for local, regional, and State libraries. Chapters 337 and 338 of 2017 established MSLA as an independent State agency. In addition to oversight of Maryland's 24 public library systems, MSLA also oversees the Maryland State Library for the Blind and Print Disabled (LBPD), the State Library Resource Center, three regional resource centers, and the Deaf Culture Digital Library. The agency is governed by the 12-member Maryland State Library Board.

## Operating Budget Summary

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### Fiscal 2023 Budget Decreases \$2.0 Million, or 2.0%, to \$95.5 Million (\$ in Millions)



Note: The fiscal 2022 working appropriation includes deficiency appropriations. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.

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- Mandated per capita library formula funding increases the general fund allowance by a total of \$2.8 million.
- Shifting funding for capital improvements from the operating budget in fiscal 2022 to the capital budget in fiscal 2023 results in a \$2.5 million general fund decrease.
- A \$2.9 million reduction in federal funds is due to a one-time State library grant from the American Rescue Plan (ARP) in fiscal 2022.

### **Fiscal 2022**

In the 2020 legislative session, the legislature passed Chapter 27 of 2020. The Governor vetoed this bill, but in the 2021 legislative session, the legislature passed a veto override. However, the veto delayed the implementation of the funding formula increases mandated in Chapter 27 until fiscal 2023. Despite this delay, in the fiscal 2022 Supplemental Budget No. 5, MSLA received a \$2.5 million capital appropriation in pay-as-you-go funds for library building projects, which is a mandated increase in Chapter 27 starting in fiscal 2023.

### **Proposed Deficiency**

As part of the State's five-year audit cycle, MSLA receives a fiscal 2022 general fund deficiency allocation of \$61,425 for desk audit reviews.

### **Federal Stimulus Funds**

Providing Internet access to Maryland residents has been an important service provided by local and State libraries during the COVID-19 pandemic. Over the past two years, libraries expanded free WiFi, which can now be accessed outside of all library buildings across the State, whether or not the library buildings are open. In fiscal 2020, MSLA distributed funds to local library systems for the purchase of 602 WiFi hotspots with the assistance of federal Coronavirus Aid, Relief, and Economic Stimulus Act funds, which library patrons can check out to access the Internet at home.

MSLA received a total of \$3.3 million in ARP federal relief funds, of which \$360,000 was applied in fiscal 2021 for workforce development training spaces and technology upgrades. In fiscal 2022, the agency continues to focus on providing WiFi to rural and underserved communities, using its remaining \$2.9 million in federal relief funds primarily for that purpose. These funds were allocated as follows:

- \$1.7 million for 14 mobile units to improve Internet service to rural and underserved populations;
- \$684,000 for infrastructure needs and pilot programs;

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- \$330,000 for initiatives related to equity, diversity, and inclusion; and
- \$245,000 for broadband access to rural and urban communities.

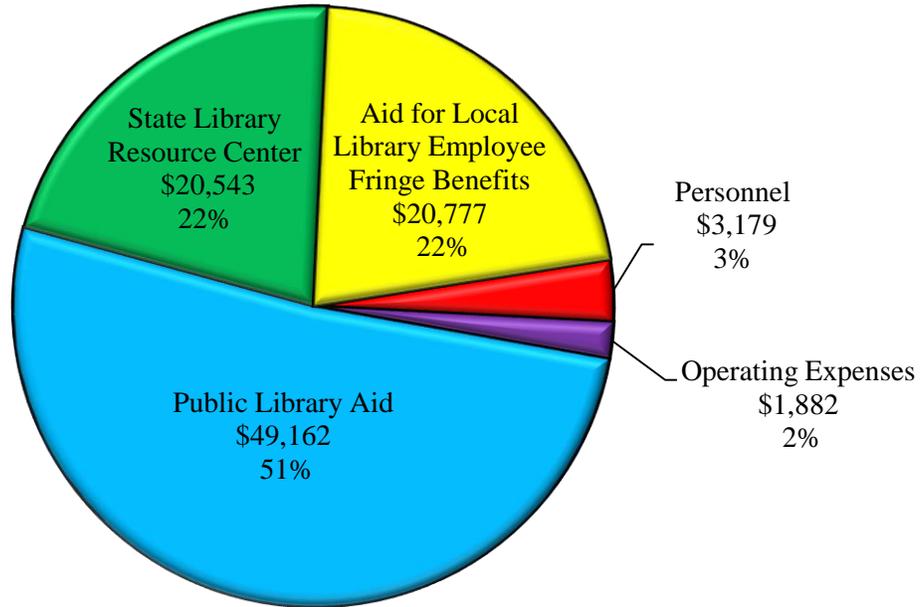
For a discussion of these initiatives and additional State funding for broadband and Internet access, see Key Observations. For discussion of initiatives related to equity, diversity, and inclusion, see Updates.

## **Fiscal 2023 Overview of Agency Spending**

As part of Chapter 27, libraries may not charge overdue materials fees to minors after June 30, 2022. Beginning in fiscal 2023, this anticipated decrease in revenue is offset by mandated State formula funding increases. From fiscal 2022 to 2023, Public Library Aid per capita increases \$0.40, from \$16.70 to \$17.10; the State Library Resource Center per capita increases \$0.04, from \$1.85 to \$1.89; and Regional Resource Centers receive a minimum of \$8.55 for each resident per area served. All programs, except for the State Library Resource Center, maintain fiscal 2022 funding levels in subsequent years; the State Library Resource Center receives per capita increases through fiscal 2024.

**Exhibit 1** shows MSLA’s proposed budget for fiscal 2023. MSLA’s allowance is \$95.5 million, with the majority of funds allocated toward library formula funding and retirement costs. Of this amount, \$49.2 million, or 51%, is allocated for Public Library Aid; \$20.8 million, or 22%, is allocated for Aid for Local Library Employee Fringe Benefits; \$20.5 million, or 22%, is allocated to the State Library Resource Center; \$3.2 million, or 3%, is allocated for personnel; and \$1.9 million, or 2%, is allocated for operating expenses.

**Exhibit 1**  
**Overview of Agency Spending**  
**Fiscal 2023 Allowance**  
**(\$ in Thousands)**



Source: Governor’s Fiscal 2023 Budget Books

- The State added 131,544 additional residents in the 2020 Census, which is reflected in fiscal 2023 funding formulas for Public Library Aid and the State Library Resource Center.
- The Public Library Aid program includes \$17.10 in per capita formula funding as mandated in Chapter 27, \$3.0 million as mandated in Chapter 715 of 2016 for extended hours at the Enoch Pratt Free Library in Baltimore, and a \$2.5 million annual federal grant from Aid to Local Libraries.
- The State Library Resource Center receives a per capita increase in fiscal 2023 of \$0.04, from \$1.85 to \$1.89, as mandated in Chapter 27. This aid program includes regional resource centers and other smaller grant programs.

**Proposed Budget Change**

In fiscal 2023, a proposed budget decrease of nearly \$2.0 million reflects a budgetary offset between increases in mandated library formula funding, one-time decreases in federal aid, and the move of a fiscal 2022 pay-as-you-go appropriation for capital improvements from the operating budget to the capital budget. **Exhibit 2** shows these proposed changes.

**Exhibit 2**  
**Proposed Budget**  
**Maryland State Library Agency**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b>General Fund</b>	<b>Federal Fund</b>	<b>Total</b>
Fiscal 2021 Actual	\$86,997	\$3,770	\$90,767
Fiscal 2022 Working Appropriation	91,051	6,485	97,535
Fiscal 2023 Allowance	<u>91,820</u>	<u>3,723</u>	<u>95,543</u>
Fiscal 2022-2023 Amount Change	\$769	-\$2,762	-\$1,992
Fiscal 2022-2023 Percent Change	0.8%	-42.6%	-2.0%
<b>Where It Goes:</b>			<b><u>Change</u></b>
<b>Personnel Expenses</b>			
New positions .....			\$1
Abolished/transferred positions .....			0
Increments and other compensation .....			0
Employee and retiree health insurance .....			36
Workers' compensation premium assessment .....			0
Turnover adjustments .....			152
Other fringe benefit adjustments.....			6
<b>Other Changes</b>			
Public Library Aid formula funding .....			1,988
State Library Resource Center formula funding .....			775
Contractual services for LBPD .....			306
Aid for Local Library Employee Fringe Benefits.....			283
Fuel, equipment, and other operational costs.....			-18
Remove one-time deficiency allocation for desk audits .....			-61
One-time PAYGO funds for capital improvements.....			-2,500
One-time American Rescue Plan funds for COVID-19 .....			-2,960
<b>Total</b>			<b>-\$1,992</b>

LBPD: Library for the Blind and Print Disabled

PAYGO: pay-as-you-go

Note: Numbers may not sum due to rounding. The fiscal 2022 working appropriation includes deficiency appropriations. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.

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From fiscal 2022 to 2023, changes to the proposed budget are as follows:

- Public Library Aid increases by \$2.0 million in general funds, or 5%, from \$44.7 million to \$46.7 million, due to the increases in per capita and the State population;
- State Library Resource Center aid increases by \$775,000, or 4%, from \$19.8 million to \$20.5 million, also due to the increases in per capita and the State population;
- Aid for Local Library Employee Fringe Benefits increases by \$283,000, or 1%, from \$20.5 million to \$20.8 million, which reflects declining contribution rates and expected low rates of growth for this program for fiscal 2023 and beyond; and
- an increase of \$306,000 for LBPDP property services and capital project contracts.

One-time federal funding decreases by \$2.9 million due to one-time ARP grants in fiscal 2022, and general funds decrease by \$2.5 million for library capital improvements, which move to the capital budget and are funded with general obligation bonds in fiscal 2023.

***Personnel Data***

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	<u>FY 21</u> <u>Actual</u>	<u>FY 22</u> <u>Working</u>	<u>FY 23</u> <u>Allowance</u>	<u>FY 22-23</u> <u>Change</u>
Regular Positions	31.00	31.00	31.00	0.00
Contractual FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>31.00</b>	<b>31.00</b>	<b>31.00</b>	<b>0.00</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	0.00	0.00%
Positions and Percentage Vacant as of 12/31/21	2.00	6.45%
Vacancies Above Turnover	2.00	

- MSLA has two positions vacant, or approximately 6% of its total complement, which is slightly above the fiscal 2022 budgeted turnover rate of 5%. These two vacancies, a Computer Network Specialist and a Fiscal Services Officer, have been posted through Shared Services.

## ***Key Observations***

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### **1. ARP Grants Increase Broadband Access at Local Libraries**

As mentioned previously, MSLA received \$2.9 million in ARP federal funds in fiscal 2022. **Exhibit 3** shows MSLA’s distribution of \$2.6 million in grants to local libraries for mobile units, infrastructure improvements, and broadband.

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**Exhibit 3**  
**Federal ARP Grant Distribution**  
**Fiscal 2022**  
**(\$ in Thousands)**

<u>County/Agency</u>	<u>Mobile Units</u>	<u>Broadband</u>	<u>Infrastructure</u>	<u>Total</u>
Allegany	\$45.0	\$0.0	\$0.0	\$45.0
Anne Arundel	13.5	0.0	0.0	13.5
Baltimore City	0.0	40.0	241.9	281.9
Baltimore	250.0	0.0	0.0	250.0
Calvert	0.0	40.0	0.0	40.0
Carroll	35.0	0.0	0.0	35.0
Charles	100.0	18.7	0.0	118.7
Eastern Shore Regional	0.0	0.0	110.0	110.0
Frederick	86.0	0.0	0.0	86.0
Harford	90.0	0.0	0.0	90.0
Howard	250.0	0.0	0.0	250.0
Montgomery	100.0	0.0	0.0	100.0
Queen Anne’s	100.0	0.0	0.0	100.0
Somerset	0.0	77.0	0.0	77.0
St. Mary’s	250.0	0.0	0.0	250.0
Talbot	0.0	60.0	0.0	60.0
Washington	35.0	0.0	0.0	35.0
Wicomico	250.0	0.0	0.0	250.0
Worcester	100.0	0.0	0.0	100.0
MSLA/Statewide	0.0	0.0	296.0	296.0
Unallocated	0.0	9.3	0.2	9.4
<b>Total</b>	<b>\$1,704.5</b>	<b>\$245.0</b>	<b>\$648.0</b>	<b>\$2,597.5</b>

ARP: American Rescue Plan

MSLA: Maryland State Library Agency

Source: Maryland State Library Agency; Department of Legislative Services

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Details of these grants are as follows:

- **Mobile unit grants** help local library systems provide reliable Internet access to communities. Mobile units visit Boys and Girls Clubs, daycare centers, senior living centers, the homebound, and rural communities that lack both reliable broadband Internet and public transportation;
- **Infrastructure grants** provide communities with additional resources for continuity of services during the COVID-19 pandemic; and
- **Broadband grants** increase WiFi access to serve local community needs, including WiFi hotspots and antennas on library buildings and municipal partner buildings to boost WiFi range.

MSLA reported that the request from county libraries for these items and programs totaled \$5.2 million, which meant a shortfall of approximately \$2.6 million for the current need. In particular, the Eastern Shore, Southern Maryland, and Western Maryland library systems continue to be significantly impacted by COVID-19 and need increased funding for broadband and Internet services.

### **Library Systems Tap Additional Federal Funding**

In addition to ARP grants distributed directly to State library systems, Congress also authorized the Federal Communication Commission's Emergency Connectivity Fund (ECF), which is a \$7.2 billion program designed to help schools and libraries provide the tools and services their communities need for remote learning during the COVID-19 pandemic. This grant covers costs for laptop and tablet computers, WiFi hotspots, modems, routers, and broadband for use by students, school staff, and library patrons. Although the application process for this grant was complex and eligibility was limited, five Maryland counties received ECF grants totaling \$9.2 million in fiscal 2022. The vast majority of this funding went to Montgomery (\$8.0 million) and Prince George's counties (\$1.1 million). Talbot, Queen Anne's, and Wicomico counties received \$21,900, \$15,100, and \$7,000, respectively.

Maryland county libraries also participate in the E-Rate program, which is another source of federal funds to build broadband infrastructure and increase Internet access. From fiscal 2015 to 2020, Maryland has requested approximately \$4.3 million in E-rate funding from the federal government, of which approximately \$4.0 million is currently slated for reimbursement.

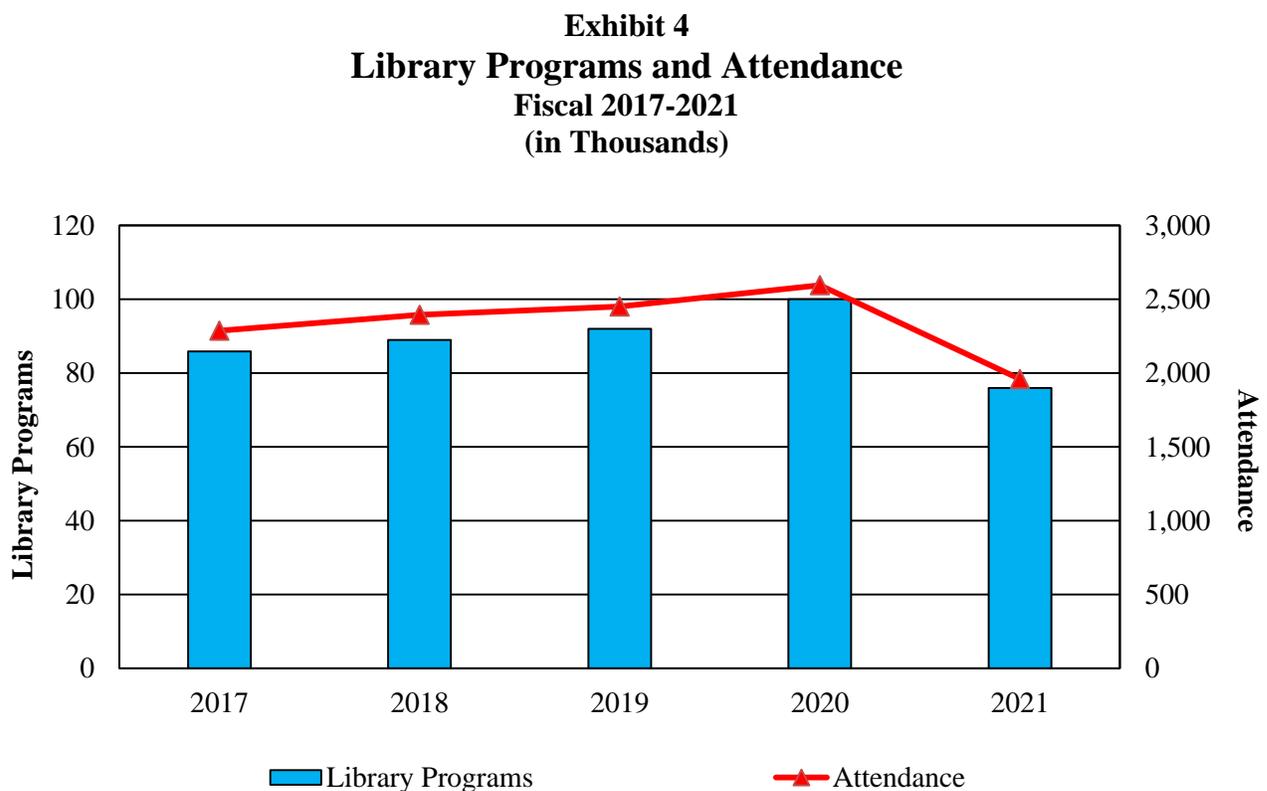
### **Work Starts on the Digital Connectivity Act**

MSLA participates in a State workgroup coordinated by the Department of Housing and Community Development (DHCD) Office of Statewide Broadband to expand State broadband service and advise on technical aspects of Chapter 74 of 2021. By July 1, 2022, the Office of State Broadband is required to develop a plan to ensure that all State residents can connect to reliable broadband by December 31, 2026. Chapter 74 also established the Digital Inclusion Fund to support capacity building

for broadband across the State. For additional information on State broadband efforts and DHCD’s Office of Statewide Broadband, see the DHCD (S00A) budget analysis.

## 2. Library Programming, Attendance, and Limited Operations

Due to COVID-19 library closures in calendar 2020, State libraries experienced a decrease in the number of library programs and program attendance. From fiscal 2020 to 2021, library programs decreased by approximately 24,000, or 24%, from 100,403 to 76,369, with library program attendance also decreasing by 636,000, from 2.6 million to 2.0 million, or 24%. **Exhibit 4** displays these data.



Source: Maryland State Library Agency, Managing for Results

### COVID-19 Surge Renews Limited Operations

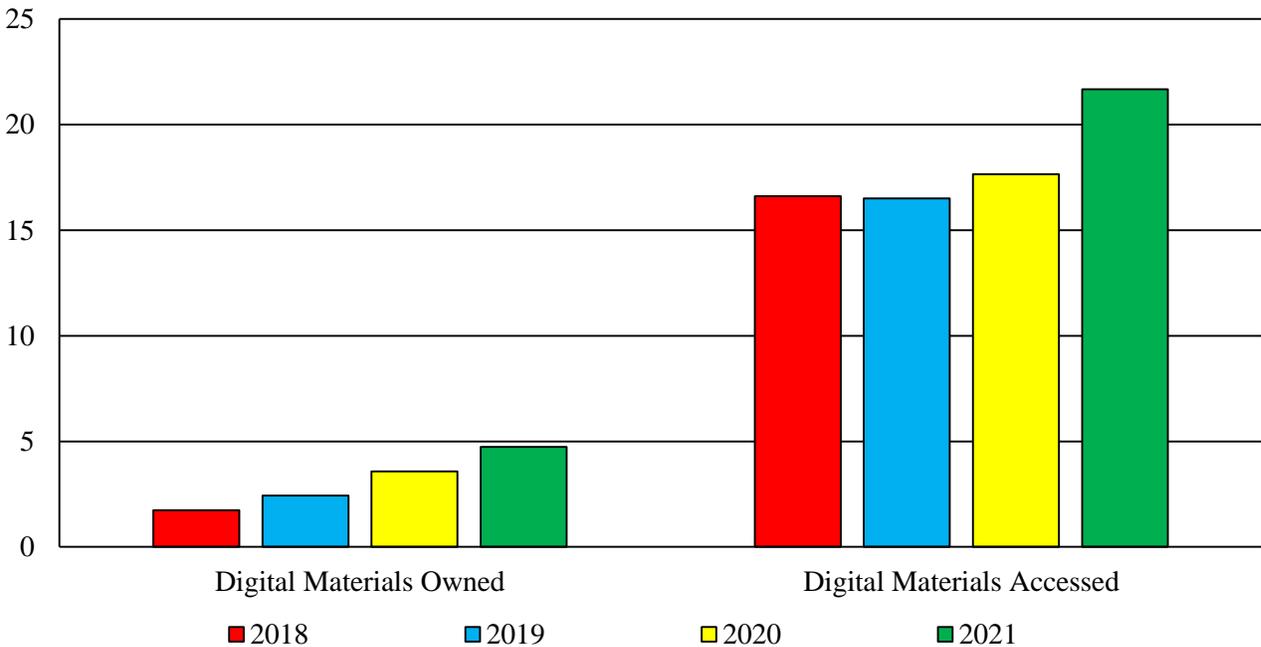
With increased access to libraries in calendar 2021, MSLA expects the number of library programs and attendance to begin to return to prepandemic levels. Due to rising COVID-19 cases, however, some Maryland libraries are reducing hours, reinstating mask mandates, or eliminating in-person programming. During the pandemic, all Maryland libraries continue to practice safe physical distancing, using plexiglass guards and hand sanitizer; and, if needed, restricting access to group areas

or meeting rooms. Libraries with reduced hours and limited operations continue to offer digital programming, e-books, and other electronic materials.

### 3. Digital Materials Owned and Accessed

The number of digital materials owned and accessed at Maryland libraries has grown significantly in recent years. Following a national trend, Maryland libraries continue to enhance their digital collections. From fiscal 2020 to 2021, the total number of digital materials owned by Maryland libraries increased by 1.2 million items, or 34%, from 3.5 million to 4.7 million; and the number of digital materials accessed increased by 4.1 million, or 23%, from 17.6 million to 21.7 million. Digital material access is expected to continue increasing in future years as changes in the publishing industry and book sales shift toward digital materials. **Exhibit 5** shows digital materials owned and accessed in Maryland libraries from fiscal 2018 to 2021.

**Exhibit 5**  
**Digital Materials Owned and Accessed**  
**Fiscal 2018-2021**  
**(in Millions)**



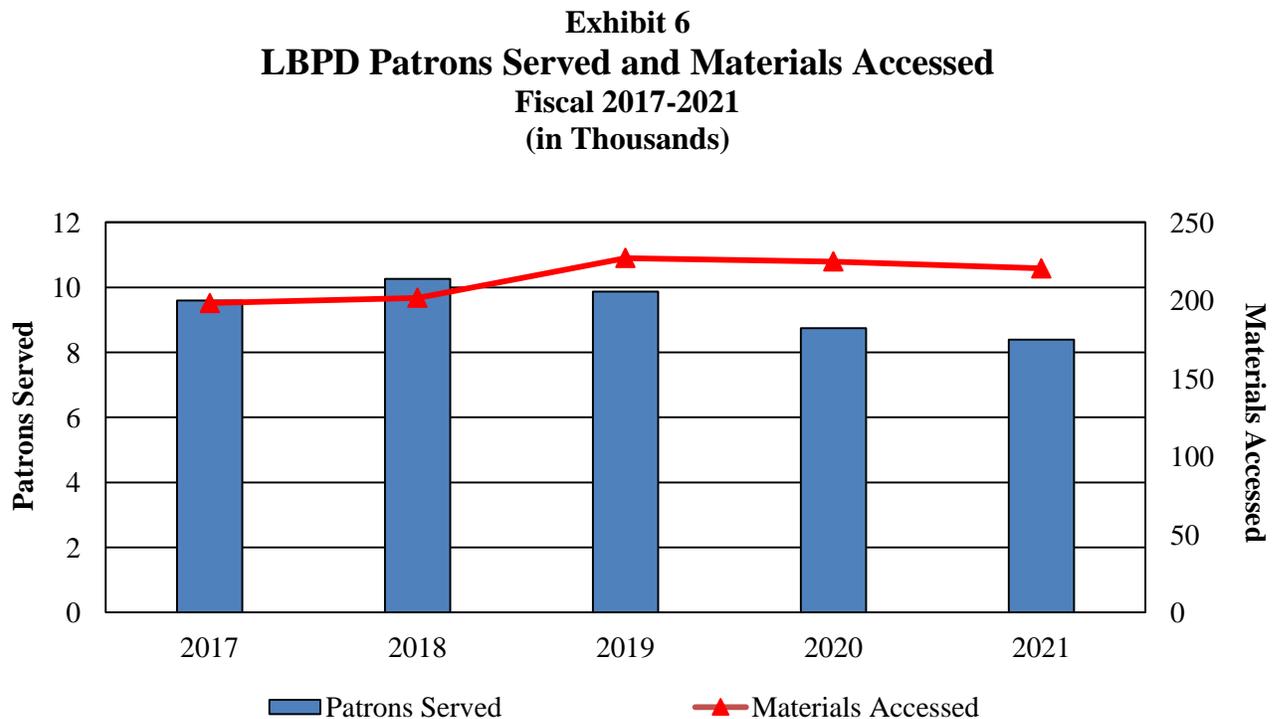
Source: Maryland State Library Agency, Managing for Results

As part of actions taken during the COVID-19 pandemic to increase accessibility to library materials, publisher restrictions on e-book purchases have been temporarily lifted. However, the price

of digital content from publishers continues to rise dramatically, which may cause issues for MSLA and local libraries in the future. This problem was addressed by Chapter 412 of 2021. For additional discussion of this legislation and its implementation, see the Updates section of this analysis.

#### 4. LBDP Continues Service to Community

In calendar 2020, LBDP was closed due to COVID-19, but the library continued to circulate materials and has since reopened to serve patrons daily. Reflecting these closures, from fiscal 2020 to 2021, the number of LBDP patrons served declined by 351, from 8,745 to 8,394, or 4%; and materials accessed also declined by 4,355, from 224,794 to 220,439, or 2%. **Exhibit 6** shows this data from fiscal 2017 to 2021.



LBDP: Library for the Blind and Print Disabled

Source: Maryland State Library Agency, Managing for Results

MSLA expects that with increased accessibility to services at LBDP in calendar 2021 and 2022, the number of patrons served will return to prepandemic levels. Additionally, LBDP is moving to a customized borrowing system in which patrons can group materials as needed in one delivery. With that service, LBDP expects significant growth in the number of materials accessed by patrons in fiscal 2022 and 2023.

## ***Operating Budget Recommended Actions***

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1. Concur with Governor's allowance.

## Updates

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- **MSLA Distributes ARP Grants for Equity, Diversity, and Inclusion:** Exhibit 7 shows MSLA’s distribution of \$327,000 in federal ARP grants to five library systems for programs that encourage equity, diversity, and inclusion in their communities.
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**Exhibit 7**  
**Equity, Diversity, and Inclusion Grant**  
**Fiscal 2022**

<u>County</u>	<u>Amount</u>
Anne Arundel	\$55,000
Calvert	15,000
Howard	170,000
Southern Maryland Regional	22,000
Somerset	65,000
<b>Total</b>	<b>\$327,000</b>

Source: Maryland State Library Agency

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- **MSLA Supports Maryland’s Digital Content Law:** In the past few years, the costs set by publishers for e-books and licenses for digital content has increased dramatically, with some digital subscriptions costing substantially more than the consumer e-book purchase price or the library print cost, which is a publisher’s bulk book pricing for libraries. In response, Chapter 412 of 2021 was designed to prevent book publishers from unfair, abusive, and deceptive trading practices when negotiating with library systems for electronic books and other electronic literary products. The law was scheduled to go into effect on January 1, 2022.

On December 9, 2021, the Association of American Publishers sued the State of Maryland because they considered the law to be an encroachment into federally protected intellectual property rights. MSLA reports that despite this lawsuit, the agency supports implementation of Chapter 412 and continues to work with publishers to create reasonable terms for the purchase of e-books, which creates more sustainable collections for Maryland residents.

**Appendix 1  
Object/Fund Difference Report  
Maryland State Library Agency**

<u>Object/Fund</u>	<u>FY 21 Actual</u>	<u>FY 22 Working Appropriation</u>	<u>FY 23 Allowance</u>	<u>FY 22 - FY 23 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	31.00	31.00	31.00	0.00	0%
<b>Total Positions</b>	<b>31.00</b>	<b>31.00</b>	<b>31.00</b>	<b>0.00</b>	<b>0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 3,097,823	\$ 2,984,880	\$ 3,179,039	\$ 194,159	6.5%
03 Communication	14,818	26,560	25,985	-575	-2.2%
04 Travel	11,864	55,750	56,248	498	0.9%
06 Fuel and Utilities	89,386	108,000	112,000	4,000	3.7%
07 Motor Vehicles	16,470	36,240	31,640	-4,600	-12.7%
08 Contractual Services	843,207	805,651	1,111,601	305,950	38.0%
09 Supplies and Materials	54,239	148,767	108,938	-39,829	-26.8%
10 Equipment – Replacement	20,470	29,750	40,000	10,250	34.5%
11 Equipment – Additional	0	0	10,000	10,000	N/A
12 Grants, Subsidies, and Contributions	86,464,400	90,629,579	90,716,597	87,018	0.1%
13 Fixed Charges	154,199	148,568	150,852	2,284	1.5%
14 Land and Structures	0	2,500,000	0	-2,500,000	-100.0%
<b>Total Objects</b>	<b>\$ 90,766,876</b>	<b>\$ 97,473,745</b>	<b>\$ 95,542,900</b>	<b>-\$ 1,930,845</b>	<b>-2.0%</b>
<b>Funds</b>					
01 General Fund	\$ 86,996,731	\$ 90,989,233	\$ 91,819,900	\$ 830,667	0.9%
05 Federal Fund	3,770,145	6,484,512	3,723,000	-2,761,512	-42.6%
<b>Total Funds</b>	<b>\$ 90,766,876</b>	<b>\$ 97,473,745</b>	<b>\$ 95,542,900</b>	<b>-\$ 1,930,845</b>	<b>-2.0%</b>

Note: The fiscal 2022 working appropriation does not include deficiency appropriations. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.